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FISCAL IMPACT STATEMENT

LS 6445

BILL NUMBER: HB 1583

NOTE PREPARED: Dec 29, 2014

BILL AMENDED:

SUBJECT: National Board Certification of Teachers.

FIRST AUTHOR: Rep. Porter

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the goal that by 2025, there will be at least one teacher who is certified by the National Board for Professional Teaching Standards (National Board) in every public school.

The bill establishes the Teachers' National Board Certification Incentive Fund for purposes of:

1. Funding stipends of \$200 per day for two days for teachers preparing for national board certification;
2. Reimbursing 75% of the national board certification fee;
3. Funding stipends for national board certified teachers who serve as mentors to other teachers;
4. Reimbursing school corporations for the cost of paying teachers who have attained national board certification as of July 1, 2015, or thereafter an annual salary supplement of \$2,000 for the life of the certificate; and
5. Reimbursing school corporations for the cost of employing substitute teachers for teachers who are national board certification candidates.

The bill requires a school corporation to allow a teacher pursuing national board certification at least five days of released time during the school year.

Effective Date: July 1, 2015.

Explanation of State Expenditures: There are approximately 1,920 schools in Indiana, so about 178 teachers would need to receive certification annually to meet the goal of having at least one teacher who is certified in every public school by the year 2025. Currently, there are 168 National Board-certified teachers in Indiana. The bill provides funding incentives to achieve these goals.

The estimated total costs for the first year, assuming 178 teachers are certified annually would be \$891,400 M, and the cost the second year would be about \$1.4 M. The annual cost would increase by about \$529,550 a year. The annual ongoing cost of 1,920 certified teachers would be about \$5.7 M.

Additional Information- A teacher would receive a stipend of \$400 to prepare for certification, 75% of the \$1,900 cost of certification, a stipend for serving as a mentor, and a \$2,000 salary supplement after certification. The school is entitled to reimbursement for the cost of substitute teachers for the candidate. The certification cost per teacher is estimated to be \$2,200. This estimate assumes three costs: \$400 stipend, \$1,425 certification reimbursement ($\$1,900 \times 75\%$), and \$375 for substitutes (5 days at \$75 per day).

The cost after the teacher is certified is estimated to be \$2,975 annually. This estimate assumes three items not in the bill: mentors would receive a stipend of \$600, mentors would get 5 days per year of paid release time to mentor, and the average pay for substitute teachers is \$75 per day.

The estimated total costs for the first year, assuming 178 teachers are certified annually, would be \$891,400 ($178 \times \$2,200 + 178 \times \$2,975$), and the cost the second year would be \$1.4 M ($178 \times \$2,200 + 346 \times \$2,975$). The annual cost would increase by about \$529,550 ($178 \times \$2,975$) per year. The annual ongoing cost of 1,920 certified teachers would be about \$5.7 M ($1,920 \times \$2,975$).

Explanation of State Revenues:

Summary of NET Local Impact: The impact would increase local expenditures by \$637,110 the first year but also increase local revenue from state reimbursements by \$566,550. So, the net impact to local schools the first year is the cost of fringe benefits of the salary supplement, or about \$70,560 ($168 \text{ teachers} \times \$2,000 \times 21\%$ fringe benefits). The net ongoing cost when the program is fully implemented is about \$806,400 ($1,920 \text{ teachers} \times \$2,000 \times 21\%$ fringe benefits).

Explanation of Local Expenditures: Local schools would provide a supplemental salary adjustment for teachers certified by the National Board for Professional Teaching Standards and provide substitute teachers for candidates. The salary adjustment of \$2,000 does not include fringe benefits, which schools would be responsible for paying. The first year, 346 teachers would be eligible for the salary adjustment, 178 new teachers and 168 current certified teachers.

Assuming a fringe benefit rate of 21%, the \$2,000 salary adjustment, \$600 for mentoring, and \$375 for substitutes, the cost to school corporations would be about \$637,110 ($168 \text{ teachers} \times (\$2,000 \times 1.21) + 178 \text{ teachers} \times \$600 + \$375 \times 178 \text{ teachers}$) in the first year of the program and \$1,096,100 ($346 \text{ teachers} \times ((\$2,000 \times 1.21) + \$600 \times 346 \text{ teachers} + \$375 \times 524 \text{ teachers})$) in the second year. The annual ongoing cost for 1,920 certified teachers would be about \$6.5 M ($1,920 \text{ teachers} \times ((\$2,000 \times 1.21) + \$375 + \$600)$).

Explanation of Local Revenues: *Teacher Certification Incentives:* The school is entitled to reimbursement from the state for the supplemental salary and substitute teacher costs. The estimated total revenue for the first year, assuming 178 teachers are certified annually, would be \$566,550 ($\$2,975 \times 168 \text{ teachers} + \$375 \times 178 \text{ teachers}$), and the revenue the second year would be about \$1,096,100 ($\$2,975 \times 346 \text{ teachers} + \$375 \times 178 \text{ teachers}$). The annual revenue would increase by about \$529,550 ($178 \text{ teachers} \times \$2,975$) a year. The annual ongoing revenue for 1,920 certified teachers would be about \$5.7 M ($1,920 \text{ teachers} \times \$2,975$).

State Agencies Affected: Department of Education.

Local Agencies Affected: Local school corporations

Information Sources: Department of Education databases, National Board for Professional Teaching Standards website, <http://www.nbpts.org/> .

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